

Message Text

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ACTION ARA-10

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 4718

INFO AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMCONSUL DHAHRAN

USSOUTHCOM

C O N F I D E N T I A L PANAMA 4696

E.O. 11652: GDS

TAGS: BEXP, OGEN, PN

SUBJECT: TRANSISTHMIAN PIPELINE MEETING

REF: (A) PANAMA 4510 (B) PANAMA 4061

SUMMARY: THE OUTCOME OF THE TWO-DAY SESSION BETWEEN GOP AND INTERNATIONAL OIL COMPANY REPS WAS NOT MADE PUBLIC. ACCORDING TO GOP'S "SPECIAL CONSULTANT," VINCENT BUTLER, AMERICAN BORN AND RAISED IN PANAMA, HIS COMPANY HAS DONE ENGINEERING WORK IN SAUDI ARABIA AND IRAN

AND WAS ALSO BIDDING FOR ENGINEERING DESIGN SUBJECT PIPELINE. HE INDICATED GOP DETERMINED NOT TO POSTPONE AGAIN THE SEPTEMBER ONE DEADLINE LEST IT ADVERSELY AFFECT GOP'S WORLDWIDE GOOD BUSINESS IMAGE.

ACTION REQUESTED: AS EMBASSY HAS NO RECORD OF PAST OR CURRENT OPERATIONS BUTLER ASSOCIATES, BASED IN TULSA, OKLA., THE DEPARTMENT AND ADDRESSEE POSTS ARE BEING ASKED TO PROVIDE INFORMATION, IF ANY. END SUMMARY

1. EMBOFF OBTAINED FOLLOWING DATA FROM INDIVIDUAL MEETING WITH TEXACO RESIDENT REP. ROBERT CHANDLER AND GOP'S VISITING "SPECIAL" AMERICAN
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CONSULTANT, VINCENT BUTLER, AUGUST 1ST.

2. REPS FROM TEXACO, EXXON, ARCO, PHILLIPS, CHEVRON CITY SERVICE, MOBIL, GULF AND SHELL HAD "CLOSED BULL SESSIONS" WITH GOP TEAM, HEADED BY MIN OF COMMERCE & INDUSTRY MANFREDO, AT CONTADORA ISLAND JULY 30, AND REFINERIA PANAMA (TEXACO) BAHIA LAS MINAS, JULY 31.

3. CHANDLER REPORTED GOP IN PROCESS UPDATING PIPELINE DATA AND-- TO EMBOFF'S QUERY--BELIEVED GOP MAY POSTPONE SEPTEMBER ONE DEADLINE BID FOR SUBMISSION ENGINEERING DESIGNS (REF B). BUTLER, HOWEVER, MAINTAINED GOP HAD NO RPT NO INTENTION TO POSTPONE THIRD TIME SINCE SEVERAL PROSPECTIVE BIDDERS HAVE ALREADY PUT SO MUCH WORK AND EXPENSE AND BELIEVED ANOTHER POSTPONEMENT WOULD NOT MAKE GOP LOOK GOOD BEFORE THE BUSINESS WORLD. HE SAID HIS FIRM, BUTLER ASSOCIATES, INC., TULSA, OKLA., ALSO BIDDING AND CURRENTLY ARRANGING FOR EXIMBANK FINANCING. HE ALSO MENTIONED HIS COMPANY HAD DONE ENGINEERING WORK IN SAUDI ARABIA AND IRAN.

4. BUTLER JUSTIFIED HIS RETICENCE FOR FURTHER DATA AND SPECIAL STATUS WITH GOP BY POINTING OUT A) "IT WAS MUTUALLY AGREED NOT TO MAKE PUBLIC OUTCOME SUBJECT MEETINGS" AND B) HE ENJOYED GOP'S COMPLETE CONFIDENCE BECAUSE OF HAVING BEEN BORN IN COLON AND PRACTICALLY BROUGHT UP WITH PRESIDENT LAKAS AND GENERAL TORRIJOS. ACCORDING TO BUTLER, HIS BROTHER, THOMAS J. BUTLER, JR., WAS STILL THERE IN BUSINESS AND IS COLONEL IN VOLUNTEER FIRE BRIGADE. (FYI. BROTHER REGISTERED WITH EMBASSY AS AMERICAN CITIZEN, BORN IN COLOMBIA, FATHER AMERICAN, BOTH MOTHER AND WIFE PANAMANIAN). ACTUALLY, CONTADORA MEETING WAS HELD AT RESIDENCE HIS SISTER (MARRIED TO FRANK X. ZEIMETZ, AMERICAN, LONG ESTABLISHED IN REPRESENTATION U.S. SHIPPING LINES).

5. BUTLER INDICATED DEPARTING FOR U.S. AUGUST 3. HE READILY PROVIDED EMBOFF WITH FOLLOWING RATHER AMBIGUOUS "PRESS RELEASE" DATED JULY 31, WHICH SO FAR HAS NOT APPEARED IN LOCAL PRESS: BEGIN UNCLASSIFIED "ON JULY 30 AND 31 THE MINISTRY OF COMMERCE AND INDUSTRY OF THE GOVERNMENT OF PANAMA HELD A CONFERENCE, TO WHICH IT INVITED A NUMBER OF INTERNATIONAL OIL COMPANIES, FOR THE PURPOSE OF DISCUSSING THE GOVERNMENTS PLANS TO CONSTRUCT A PIPELINE SYSTEM ACROSS THE ISTHMUS. THE RESULTS OF THE CONFERENCE INDICATED AN INTEREST ON THE PART OF THE INDUSTRY AND THE GOVERNMENT IS CONTINUING IN THE DEVELOPMENT OF PLANS

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FOR THE PROJECT". END CLASSIFIED

6. AS EMBASSY STRONGLY SUSPECTS VIABILITY GOP'S PROJECTED PIPELINE STILL BEING QUESTIONED BY POTENTIALLY INTERESTED PARTIES, IT WILL DISCREETLY APPROACH GOP OFFICIALS AND OTHER PRIVATE TRADE SOURCES IN AN EFFORT TO OBTAIN ADDITIONAL DATA ON SUBJECT PIPELINE.

7. ACTION REQUESTED: BUTLER'S FIRM NOT LISTED IN REGULAR U.S. ENGINEERING OR TRADE DIRECTORIES AND APPARENTLY ENGAGED AS MIDDLEMAN OR PROMOTER IN THIS \$100 MILLION PIPELINE. THEREFORE, ANY INFORMATION THE DEPARTMENT AND ADDRESSEE POSTS MAY HAVE ON BUTLER'S PAST OR CURRENT OPERATIONS WOULD BE APPRECIATED.
JORDEN

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